

Internal Revenue Service

Department of the Treasury

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Release copies to District

Washington, DC 20224

Date

Surname

Contact Person:

Telephone Number:

In Reference to:

Date:

Déar Applicant:

We have considered your Form 1024, Application for Recognition of Exemption, requesting exemption from federal income tax under section 501(c)(6) of the Internal Revenue Code. We have determined that you do not qualify for exemption as an organization described in section 501(c)(6) of the Code, as explained below.

You are a nonprofit corporation incorporated in [REDACTED] on [REDACTED]. Your overall purpose is to be a [REDACTED] from the [REDACTED] to promote business and economic relations between companies and international institutions in the [REDACTED] and persons in the [REDACTED].

Your governing body and principal staff will be diplomats selected by, and responsible to, the government of the [REDACTED]. Your expenses will be paid by government funds of the [REDACTED]. Upon any dissolution, your assets will go to the [REDACTED].

Section 501(c)(6) of the Code provides, in pertinent part, for the exemption from federal income tax of a "chamber of commerce", a "board of trade" or a "business league", if not organized for profit and if no part of the net earnings inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations provides, in pertinent part, that a nonprofit organization exempt under section 501(c)(6) of the Code is an association of persons, having some common business interest, the purpose of which is to promote such common interest, and that the organization is of the same general class as a chamber of commerce or board of trade.

Revenue Ruling 73-411, 1973-2 C.B. 180, states that, in the case of a chamber of commerce or similar organization within the meaning of section 501(c)(6) of the Code, the common business interest is usually the general economic welfare of a community. Membership is voluntary and open generally to all businesses and professional men and women in the community. The Revenue Ruling

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[REDACTED]

states that an organization seeking exemption from federal income tax under section 501(c)(6) as a chamber of commerce or board of trade must be one whose efforts are directed at promoting the common economic interest of all the commercial enterprises in a given trade community. Also, the Revenue Ruling defines "trade associations" and "business leagues" as similar to "chambers of commerce" or "boards of trade", except that they serve only the common business interests of the members of a single line of business or of the members of closely related lines of business within a single industry.

Based on the statutory construction of section 501(c)(6) of the Code, it is a well-established principle that section 501(c)(6) is intended to apply only to membership organizations which further the common business interests of their members and which are financed, at least in part, through membership dues. The legislative history of this United States statute and the rules of statutory construction applicable to this section of the Code, listing various exempt organizations, show that only membership organizations supported by their member dues or assessments are included in the intent of the exemption under section 501(c)(6). Thus, an organization which is not, in fact, membership-supported lacks the most significant characteristic common to the organizations for which exemption is provided under section 501(c)(6). You have no business members and there is no indication that you will ever have such members. None of your ongoing financial support is derived from members in the form of dues, so all of your support would not be considered as proper support within the meaning of section 501(c)(6) because it is derived directly from [REDACTED]. Accordingly, as explained in Revenue Ruling 73-411, you have not shown a pattern of membership support and, thus, fail that critical requirement for exemption under section 501(c)(6).

Because you do not have a membership that is open generally to all businesses and professional men and women in your community, you are not a "chamber of commerce", as explained above under Revenue Ruling 73-411, and, for that reason, your claim to exemption under section 501(c)(6) of the Code must rest upon your characterization as a "trade association" or "business league", as explained below.

As also explained in the above Revenue Ruling 73-411, "trade associations" and "business leagues" are similar to "chambers of commerce" or "boards of trade", except that they serve only the common business interests of the members of a single line of business or of the members of closely related lines of business within a single industry. You do not promote a single line of business or any closely related lines of business within a single industry.

[REDACTED]

Further, your membership is not voluntary in the sense of members who are free to join, or not to join, depending upon their own interests as members of a business community. This voluntary element is inherent within the meaning of section 501(c)(6) of the Code, as described in Revenue Ruling 73-411. Thus, you lack the essential voluntary element of a trade association or business league within the meaning of section 501(c)(6).

Even if we could consider your directors or officers to be "members" of your organization, all the financial support for your activities comes in funds from [REDACTED], which cannot be considered to be "membership" support. Although you are promoting businesses and tourism [REDACTED], you are primarily operated on behalf of, and being paid by, the [REDACTED] rather than member individual commercial enterprises in [REDACTED] or any particular line of business.

Thus, you do not meet the statutory definitions, discussed in Revenue Ruling 73-411, regarding either "chamber of commerce" or "board of trade", or a "trade association" or a "business league" within the meaning of section 501(c)(6) of the Code. Basically, you are operated as a [REDACTED]

Accordingly, for the above reasons, we rule that you do not qualify for exemption from United States federal income tax as an organization described in section 501(c)(6) of the Code. You are required to file federal income tax returns.

You have a right to protest this ruling if you believe that it is incorrect. To protest, you should submit a statement of your views with a full explanation of your reasoning. This statement, signed by one of your principal officers, must be submitted within 30 days from the date of this letter. You also have a right to a conference, in this office or by telephone, after your statement is submitted. You must request the conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your principal officers, that person must have on file a proper power of attorney, such as Form 2848, and otherwise qualify under our Conference and Practice Procedures.

If we do not hear from you within 30 days, this ruling will remain in effect, and a copy will be forwarded to your key district office for exempt organizations. Thereafter, any questions about this federal income tax matter or the filing of federal tax returns should be addressed to your key district office.

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[REDACTED]

If you submit a protest statement with respect to this case,
please address your reply envelope to:

[REDACTED]

Sincerely,

[REDACTED]

[REDACTED]

cc: [REDACTED]

[REDACTED]

cc: [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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